

PROCLAMATION

BY THE

Governor of the State of Texas

41-2558

TO ALL TO WHOM THESE PRESENTS SHALL COME:

Senate Bill 5, the General Appropriations Bill, has reached my desk for action, having been duly certified by the Comptroller of Public Accounts, pursuant to Article III, Section 491 of the Texas Constitution. It authorizes the expenditure of \$70.1 billion in total funds for 1994-95. This represents a two-year increase of 11.4 percent, the lowest growth in the state budget in over a generation. The last time the Legislature passed a budget with so little increase, Dwight Eisenhower was President, television screens were round, and there were only 49 states in the union.

This budget is remarkable for both its austerity and its achievement. As important as what we did, is what we did not do. *We did not raise taxes.* This budget meets the basic needs of the people of Texas *with no new taxes.*

In January, I presented the Legislature with a fair proposal, *Working for Texas*, that maintained critically needed services, made new investments where needed, and balanced the budget without new taxes. Over \$250 million of the money-saving initiatives from *Working for Texas*, over and above those of the Texas Performance Review and Senate Bill 5 as introduced, have been incorporated into this budget. In addition, to set an example for others, I asked the Legislature to reduce the budget for the Office of the Governor by over \$1 million below the general revenue amounts the Legislative Budget Office recommended for 1994-95.

While not all of my recommendations are reflected in this final document, and in particular, the loss of our proposed teacher pay raise pains me, this budget truly stands as a remarkable effort of cooperation and compromise between both houses of the Legislature and the executive branch.

Taxpayers owe a special debt of gratitude to Lieutenant Governor Bob Bullock and House Speaker Pete Laney. Their commitment and consistent direction in both houses provided the focus on keeping spending within available revenues. Senator John Montford, author of Senate Bill 5, and House sponsor Rob Junell, in particular, are to be commended for their efforts in crafting this bill. With limited growth in state revenues colliding with court orders and federal mandates, the budget decisions were difficult, and oftentimes painful. In the face of these pressures, John Montford and Rob Junell rolled up their sleeves and went to work--writing this bill in what was the most open and thoughtful budget-writing process in the history of the state.

A special thank you is due State Comptroller John Sharp. Combining his budget craftiness with just plain hard work, he showed us many cost-cutting measures that have helped us cut spending while providing better quality services for the people of this state.

Through the enhanced efforts of our Office of State-Federal Relations and other key state agencies, we will bring down a record \$19.8 billion in federal funds--up over \$4 billion from the record level projected with passage of the 1992-93 budget. These dollars will allow us to provide better care and services for our elderly and disabled and our disadvantaged citizens, expanded job training for our workers, and better roads for the people and the businesses in this state.

For the first time in the history of the state, we will have the necessary funds to immunize every child in Texas against preventable diseases. Not only will our children be healthier, but by investing in prevention we will save money over the coming years, and reduce human suffering and high health care costs.

Our communities will be made safer by building 22,000 new state jail beds and 1,000 new prison beds so we may keep violent offenders off our streets. But even more important than the bricks we lay is the investment we make in treatment and rehabilitation. Over 7,000 prison beds will be available to provide treatment for substance abusers. Funds are also included to provide the follow-up aftercare so critical for successful rehabilitation. This budget expands the Treatment Alternatives to Incarceration Program so we may rehabilitate non-violent offenders rather than incarcerate them.

This budget funds new initiatives to provide long overdue improvements for higher educational opportunity in South Texas. We provide a total of \$96.4 million for new program development and \$288.0 million for new classrooms, research and laboratory facilities, and equipment.

Senate Bill 5 will bring a successful resolution to the hospital lawsuit which could have cost the state several hundred million dollars. As a result of the good faith negotiations and the funding levels provided in this budget, the parties in Texas Hospital Association, et al. v. National Heritage Insurance Company, et al., agree to drop their pending lawsuit against the state's Medicaid reimbursement rates.

Our retired teachers and state employees will receive a benefits increase. At the same time this budget preserves the current state contribution levels to the employees' and teachers' pension systems.

This bill also reflects a change in the way we budget the public's dollars. For the first time, the state budget includes specific performance targets for the services we expect agencies should provide to the public. We will be able to scrutinize not only the bottom line of the budget over the next two years, but also the level and the quality of services state government provides for the benefit of the people of this state.

Crafting a budget for an enterprise as large and as complex as the State of Texas is a daunting task; mistakes and disagreements are inevitable. The vetoes that follow are not a criticism of the Legislature. In many instances these vetoes are corrective--adjusting appropriations for legislation that failed to pass and become law. In several instances these vetoes are regrettable since the failed legislation had merit. Other items reflect a careful reappraisal--allowing us to fine-tune the priorities of state government in the New Texas.

Under the authority granted the Governor under Article IV, Section 14 of the Texas Constitution, we present the following vetoes, which will save the tax and fee payers of the state a total of \$17.3 million over the coming two years:

ARTICLE I - EXECUTIVE AND ADMINISTRATIVE DEPARTMENTS AND AGENCIES

Texas Alcoholic Beverage Commission Page I-18

| | For the Years Ending | |
|--|----------------------|--------------------|
| | August 31, 1994 | August 31, 1995 |
| B.1.1. Strategy: EDUCATE ON RECORDKEEPING | \$ 245,695 | \$245,695 |

With the passage of House Bill 1445, sunset legislation for the Commission, the tax collecting functions of the Commission are to be transferred to the Comptroller, who can administer these responsibilities much more cheaply and efficiently than the Commission. Rider 10 transfers the budget amounts the Comptroller requires, but leaves the Commission with excess funds. Vetoing this item corrects for any duplication of funding.

9. *Forfeited Property and Money.* Notwithstanding the appropriations above, property and money, and all proceeds from forfeited contraband directed to the commission by a federal agency, or by effect of state or federal law, in an amount not to exceed a value of \$25,000 per fiscal year, shall be deposited to the account of the Alcoholic Beverage Commission and are hereby appropriated to the commission solely for law enforcement purposes. Any funds unexpended at the close of each fiscal year are reappropriated for the same purpose the following fiscal year.

This rider, which would allow the Commission to keep assets seized in drug raids, was vetoed last session. While the rider now is capped at \$25,000, the basic conditions which resulted in a veto last session have not changed. The basic mission of the Commission is to enforce the laws and regulations of this state concerning alcoholic beverages. The responsibility to enforce laws concerning illegal drugs falls with the Department of Public Safety and other federal and local law enforcement agencies. These funds are more appropriately directed there.

Comptroller of Public Accounts Page I-64

22. *Insurance Tax Collection Function Transfer.* Contingent upon the adoption of House Bill 1461 or similar legislation transferring the insurance tax collection and enforcement duties of the State Board of Insurance to the Comptroller of Public Accounts, there is hereby appropriated to the Comptroller of Public Accounts out of the General Revenue Fund No. 001, \$1,334,446 for the fiscal year ending August 31, 1994 and \$806,172 for the fiscal year ending 1995. Any unexpended balances remaining as of August 31, 1994 are hereby reappropriated for the fiscal year ending August 31, 1995. The amounts appropriated may be transferred into the Comptroller's Operating Fund No. 062 and the line-itemed appropriation determined by the Comptroller.

House Bill 1461 already provides sufficient authority and procedures for transferring the collection of the insurance tax to the Comptroller of Public Accounts. The Comptroller agrees that this rider should be eliminated.

Comptroller of Public Accounts Page I-64

24. *Contingent Legislation.* Contingent upon enactment of the following bills or similar legislation, there is hereby appropriated out of the General Revenue Fund to the Comptroller of Public Accounts the following amounts. All amounts shall be transferred into the Comptroller's Operating Fund No. 062 and may be allocated into the line-itemed appropriation determined by the Comptroller. Such funds are for the purpose of administering the functions and duties of the Acts.

| | <u>1994</u> | <u>1995</u> |
|-----------------|-------------|---------------------|
| House Bill 2766 | \$250,408 | \$233,008 & U.B. |

While House Bill 2766 passed the Legislature, the initial provisions which increased responsibilities of the Comptroller were no longer included. The Comptroller agrees that this appropriation is unnecessary. This veto applies only to the rider provisions concerning House Bill 2766.

Board of Dental Examiners Page I-98

6. *Contingency Appropriation for Senate Bill 673. Contingent upon the enactment of Senate Bill 673, Seventy-Third Legislature, Regular Session, or similar legislation, the Board of Dental Examiners is hereby appropriated the additional fee revenue collected pursuant to the provisions of that bill in an amount not to exceed \$118,614 for fiscal year 1994 and \$103,994 for fiscal year 1995 for the purpose of implementing the provisions of that Act. The Board of Dental Examiners is hereby authorized to transfer the appropriations made pursuant to this provision to the appropriate strategies listed above.*

Senate Bill 673 was the sunset legislation for the Board of Dental Examiners. While this bill would have increased the duties of the board, it failed passage, and the board will cease to exist as of September 1, 1994. This additional appropriation is unnecessary.

Department of Licensing and Regulation Page I-210

11. *Contingency Appropriation for Senate Bill 357. Contingent upon the enactment of Senate Bill 357, Seventy-Third Legislature, Regular Session, or similar legislation, the Department of Licensing and Regulation is hereby appropriated the additional fee revenue collected pursuant to the provisions of that bill in an amount not to exceed \$779,018 for fiscal year 1994 and \$535,168 for fiscal year 1995 for the purpose of implementing the provisions of that Act. The Department of Licensing and Regulation is hereby authorized to transfer the appropriations made pursuant to this provision to the appropriate strategies listed above.*

This rider was contingent on proposed legislation which did not pass. A veto eliminates this provision from the budget bill.

Board of Medical Examiners Page I-213

4. *Licensing Fund. The funds deposited in the medical licensing fund, including any interest earned by those funds, only may be used to pay for expenses of the Texas State Board of Medical Examiners as set by an annual budget established by the board. Any funds deposited in the medical licensing fund are part of the board's appropriation and are appropriated for its use.*

This rider provides appropriation authority from the licensing fund in excess of the amounts in the line-items. In the event the Board needs additional funds, these may be made available through the Governor's emergency/deficiency grant authority.

Natural Resources Conservation Commission Page I-225

29. *Contingency Appropriation for House Bill 1266. Contingent upon enactment of House Bill 1266, Seventy-Third Legislature, Regular Session, or similar legislation, the Commission is hereby appropriated the additional fee revenue collected pursuant to that bill in an amount not to exceed \$60,827 for fiscal year 1994 and \$53,057 for fiscal year 1995 for the purpose of implementing the provisions of that Act. The Commission is hereby authorized to transfer the appropriations made pursuant to this provision to the appropriate strategies listed above.*

This rider was contingent on proposed legislation which did not pass. A veto eliminates this provision from the budget bill.

Natural Resources Conservation Commission Page I-225

30. *Contingency Appropriation for House Bill 1307. Contingent upon the enactment of House Bill 1307, Seventy-Third Legislature, Regular Session, or similar legislation, the Commission is hereby appropriated the additional fee revenue collected pursuant to the provisions of that bill in an amount not to exceed \$128,569 for fiscal year 1994 and \$128,569 for fiscal year 1995 for the purpose of implementing the provisions of that Act. The Commission is hereby authorized to transfer the appropriations made pursuant to this provision to the appropriate strategies listed above.*

This rider was contingent on proposed legislation which did not pass. A veto eliminates this provision from the budget bill.

Natural Resources Conservation Commission Page I-226

36. *Contingency Appropriation for Senate Bill 471. Contingent upon the enactment of Senate Bill 471, Seventy-Third Legislature, Regular Session, or similar legislation, the Commission is hereby appropriated the additional fees collected pursuant to the provisions of that bill in an amount not to exceed \$78,801 for fiscal year 1994 and \$67,148 for fiscal year 1995 for the purpose of implementing the provisions of that Act. The Commission is hereby authorized to transfer the appropriations made pursuant to this provision to the appropriate strategies listed above.*

This rider was contingent on proposed legislation which did not pass. A veto eliminates this provision from the budget bill.

Natural Resources Conservation Commission Page I-227

40. *Contingency Appropriation for Senate Bill 1058. Contingent upon the enactment of Senate Bill 1058, Seventy-Third Legislature, Regular session, or similar legislation, the Commission is hereby appropriated the additional fee revenue collected pursuant to the provisions of that bill for the purpose of implementing the provisions of that Act. The Commission is hereby authorized to transfer the appropriations made pursuant to this provision to the appropriate strategies listed above.*

This rider was contingent on fee revenue collected under the provisions of Senate Bill 1058. The fee portion of that legislation pertaining to the Natural Resources Conservation Commission was removed from that bill, eliminating the need for this rider.

Board of Vocational Nurse Examiners Page I-232

5. *Survey Fee Contingency Appropriation. Contingent upon enactment of House Bill 1693, the Board of Vocational Nurse Examiners is authorized to collect a fee of seventy-five dollars (\$75.00) from any institution which conducts an approved course in vocational nursing for on-site surveys of the vocational nursing program. With the exception of the pre-approval on-site survey, any surveys conducted by a qualified representative of the Board in accordance with Article 4528c, sections 5 and 12, and the rules and procedures of the Board shall be subject to the survey fee. Any such fees collected shall be appropriated to Strategy A.2.1., Accreditation, for the purpose of conducting surveys of vocational nursing programs.*

This rider was contingent on proposed legislation which did not pass. A veto eliminates this provision from the budget bill.

Racing Commission Page I-264

2. *Contingency Appropriation for New Horse Racetracks. In addition to the amounts appropriated, the Racing Commission is hereby appropriated an additional amount from Racing Commission Fund No. 597 in each year of the biennium for each track that begins operation for the first time during the biennium as follows: Class I tracks, \$182,840; Class II tracks, \$130,550; Class III tracks, \$24,650; and Class IV tracks, \$21,200.*

This rider provides appropriations to regulate new racetracks, by class, as they open. However, the amounts are for full year funding, regardless of when the tracks open during the year. Under the Governor's authority to provide emergency/deficiency grants, additional funds may be provided as needs are identified.

Department of Public Safety Page I-291

32. *Contingency Appropriation for House Bill 1776. Contingent upon the enactment of House Bill 1776, Seventy-Third Legislature, Regular Session, or similar legislation, the Department of Public Safety is hereby appropriated the fee revenue collected pursuant to the provisions of that Act in an amount not to exceed \$5,017,390 out of the Handgun License Account in the General Revenue Fund No. 001 for fiscal year 1994 and \$2,938,942 out of the Handgun License Account in the General Revenue Fund No. 001 for fiscal year 1995 for the purpose of implementing the provisions of that Act. The Department of Public Safety is hereby authorized to transfer the appropriations made pursuant to this provision to the appropriate strategies listed above.*

This rider was based on handgun legislation which I have vetoed. The fees that bill would have provided are unnecessary. A veto eliminates this provision from the budget bill.

Secretary of State Page I-296

16. *Contingency Appropriation for Senate Bill 87. Contingent upon the enactment of Senate Bill 87, Seventy-Third Legislature, Regular Session, or similar legislation, the Secretary of State is hereby appropriated the additional fee revenue collected pursuant to the provisions of that bill in an amount not to exceed \$26,301 for fiscal year 1994 and \$26,232 for fiscal year 1995 for the purpose of implementing the provisions of that Act. The Secretary of State is hereby authorized to transfer the appropriation made pursuant to this provision to the appropriate strategies listed above.*

This rider is unnecessary since Rider 6 for the Secretary of State, on page I-295, makes an appropriation for the same purpose.

Securities Board Page I-298

1. *Contingency Appropriation, Senate Bill 77. Contingent upon enactment of Senate Bill 77, Seventy-Third Legislature, Regular Session, or similar legislation, there is hereby appropriated, in addition to the amounts appropriated above, to the State Securities Board the following amounts from the General Revenue Fund.*

| | <u>1994</u> | <u>1995</u> |
|--------------------------------|-------------|-------------|
| <i>Strategy</i> | | |
| A.1.1. Enforcement | \$11,432 | \$11,748 |
| A.2.1. Securities Registration | 11,855 | 12,865 |
| A.3.1. Dealer Registration | 61,527 | 63,201 |
| A.4.1. Dealer Inspection | 63,105 | 63,105 |

This rider was contingent on proposed legislation which did not pass. A veto eliminates this provision from the budget bill.

Treasury Department Page I-320

12. *Contingency Appropriation, Senate Bill 373. Contingent on passage of Senate Bill 373, Seventy-Third Legislature, Regular Session, or similar legislation, there is hereby appropriated to the Treasury \$2.2 million for the 1994-95 biennium for the administration and enforcement of the Children's Tobacco Prevention and Enforcement Act. Such amount may be transferred into the Treasury Fiscal Agency No. 100 from the General Revenue Fund for the purpose of administering the functions and duties of the Act.*

This rider was contingent on proposed legislation which would have enhanced the ability of the state to ensure that minors could not purchase tobacco products. This legislation would have ensured that Texas would not be at risk of losing federal funds for substance abuse programs. While the failure of the bill concerns us, this rider appropriation has no legal basis.

Veterans Commission Page I-331

1. *State Residential Care Facilities for Disabled Veterans. Contingent upon passage of H.B. 836, or similar legislation, there is hereby appropriated out of the General Revenue Fund to the Texas Veterans Commission, \$53,000 in Fiscal Year 1994 and \$50,000 in Fiscal Year 1995 for the purposes of conducting a feasibility study on the establishment of a system of residential care facilities for disabled veterans in Texas.*

This rider was contingent on proposed legislation which did not pass. A veto eliminates this provision from the budget bill.

ARTICLE III - AGENCIES OF PUBLIC EDUCATION

Central Education Agency Page III-19

65. *Contingency Appropriation for Senate Bill 1116—Environmental Education Program. Contingent upon enactment of Senate Bill 1116, Seventy-Third Legislature, Regular Session, or similar legislation, the Texas Education Agency is hereby appropriated the fee revenue collected pursuant to the provisions of that bill for the purpose of implementing the bill's provisions. The Texas Education Agency is hereby authorized to transfer the appropriations made pursuant to this provision to the appropriate agencies listed above.*

This rider was contingent on proposed legislation which did not pass. A veto eliminates this provision from the budget bill.

Central Education Agency Page III-19

66. *Contingency Appropriation for Senate Bill 993—Community Education Development Projects. Contingent upon enactment of Senate Bill 993, Seventy-Third Legislature, Regular Session, or similar legislation, the Texas Education Agency is hereby appropriated all revenue received pursuant to the provisions of that bill for the purpose of implementing the bill's provisions. The Texas Education Agency is hereby authorized to transfer the appropriations made pursuant to this provision to the appropriate strategies listed above.*

This rider was contingent on proposed legislation which did not pass. A veto eliminates this provision from the budget bill.

3. *Transfer Stone Fort Museum. Funds identified for the Stone Fort Museum are hereby transferred to the Historical Commission for the operation, maintenance, and control of the museum.*

This veto is a technical correction to reflect legislative intent.

Special Provisions Relating Only to State Agencies of Higher Education Page III-262

Sec. 7. Salary and Benefits Provisions

5. *Merit Increase for Employees of Institutions and Agencies of Higher Education. Notwithstanding any other provisions of this act, salary increases for employees of institutions and agencies of higher education shall be awarded on the basis of merit and performance in accepted activities. This shall not be interpreted so as to preclude salary adjustments designed to avoid salary inequities. If a salary increase is granted to state employees and officials including employees of institutions of higher education by other provisions of this bill, there is hereby appropriated to each institution and agency of higher education an amount equal to the rate of the authorized salary increase times the total of salaries of the institutions and agencies which are paid from appropriated funds. The amount of salary increase funds appropriated may be used only to grant merit increases pursuant to this subsection.*

A veto of this rider allows institutions of higher education to provide either across-the-board salary increases, or to provide increases based on merit. Institutions should have this flexibility.

ARTICLE V - GENERAL PROVISIONS

General Provisions Page V-59

Sec 29. Reimbursements and Payments

2. *Forfeited money, proceeds from the sale of forfeited property or similar monetary awards related to the agency's participation in the seizure of controlled substances or other contraband are appropriated to the receiving state agency, unless distribution is otherwise provided by statute.*

Removing this rider is necessary to provide for the veto of Rider 9 for the Alcoholic Beverage Commission.

Senate Bill 5 was received by the Governor's Office less than ten days prior to the adjournment of the Regular Session of the Seventy-Third Legislature. I have signed Senate Bill 5, which shall be filed with the Secretary of State, together with this Proclamation stating my objections to individual items of appropriation therein. In accordance with Article IV, Section 14 of the Texas Constitution, individual items of appropriation objected to shall be of no force or effect. The remaining portion of the bill shall be effective according to its terms.

The Secretary of State shall take notice of this action and notify the Legislature.



IN TESTIMONY WHEREOF, I have hereunto signed my name and caused the seal of the State to be affixed hereto at Austin, this 17th day of June, 1993.

Ann W. Richards
Ann W. Richards
Governor of Texas

FILED IN THE OFFICE OF THE
SECRETARY OF STATE

6:00 p.m. O'CLOCK

JUN 18 1993
John Hannah Jr.
Secretary of State